

April 10, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

TRIAL COURT FACILITIES ACT OF 2002: QUARTERLY UPDATE

On November 12, 2002, your Board instructed my office to report on the implementation of SB 1732 and to provide quarterly updates thereafter. This is the second report on the subject and the first quarterly report. Also included is a report requested by the Board on the status of the Criminal Justice Facilities Temporary Construction Fund (CJFTCF) and a list of its priority projects and the status of the Courthouse Construction Fund (CCF).

Background

SB 1732 requires the State to negotiate for the transfer of the County's courthouses to the State. Successfully negotiated transfers will include the calculation of an annual payment by the County to the State for ongoing support of the transferred facilities. Up until the time of a transfer, there will be no change in the County's obligation to fund the operation of the courthouse facilities.

The legislation contains certain milestones:

- The County must designate by July 1, 2003, the personnel who will negotiate with the State Judicial Council the transfer agreements for each courthouse;
- The Judicial Council will negotiate the transfer agreements with the counties between July 1, 2003 and June 30, 2007;

- No transfer can occur before July 1, 2004; and
- Transfers must be completed by June 30, 2007.

Recent Activities

The Judicial Council is represented by the Administrative Office of the Courts (AOC). The AOC and California State Association of Counties (CSAC) held a regional briefing in the Los Angeles area on March 13 to discuss their efforts to begin the implementation of SB 1732. At the briefing it was learned that:

- The Superior Court will negotiate as a partner of the State;
- The AOC will develop a draft model transfer agreement (including a payment calculation methodology) by June, 2003;
- The AOC currently has 12 staff statewide and will designate its negotiating team by July, 2003.
- The AOC representatives stated their intention to begin negotiations in July, 2003, with selected counties which will serve as test cases for the negotiation process; and
- The AOC staff does not anticipate beginning negotiations with Los Angeles County before July, 2004.

Internally, the Auditor-Controller, County Counsel, Department of Public Works, Internal Services Department and Chief Administrative Office have met and reviewed the SB 1732 legislation. These departments have been identified as the "core" of the County's negotiating team. Departments located in the courthouses will be involved as necessary as issues regarding their tenancy arise.

Even though the State does not expect to negotiate with the County for over a year, involved departments have begun the initial efforts to collect the financial information required for the transfer agreements. Additionally, prior to next July 1, we will formally notify the State of the personnel assigned to negotiate on behalf of the County with the AOC.

Courthouse Construction Fund and Criminal Justice Facilities Temporary Construction Fund

Since the inception of the courthouse construction funds, your Board has chosen to use them primarily to fund major court construction, debt service, and court renovation and improvement projects. The funds have been viewed as supporting each other and for this reason the funds' cash flow projection have been combined. However, SB 1732 changes the relationship between the two funds. The CCF will transfer incrementally to the State as the courthouses are transferred, while the CJFTCF will remain with the County.

By law, use of the CCF is restricted to construction of specified new courts within the County. The CCF supports the debt service on nine courthouses (101 courtrooms) built since 1983 and will most likely run a deficit in future years, currently anticipated to begin in Fiscal Year 2014-15. Since the State is not obligated to backfill any deficits in the CCF, the County's CJFTCF will need to make up the difference.

The CJFTCF can cover broader justice issues such as construction, renovation, repair, improvements, studies, and justice operations. Our most recent projection concluded that the CJFTCF could support a maximum of \$35 million worth of such projects before running a deficit in Fiscal Year 2006-07. In addition to the annual \$3 million of maintenance provided by the CJFTCF, my office has tentatively identified the highest priority, non-emergency potential projects as:

- an estimated \$10 million for a seismic retrofit at the Long Beach Courthouse;
- an estimated \$10 million for improvements related to the settlement of American with Disabilities Act lawsuit filed against the Superior Court;
- an estimated \$1.2 for repair work on the Superior Court archives in the Hall of Records;
- an unspecified amount for necessary seismic repair work not funded by insurance proceeds for the Pasadena and Beverly Hills courthouses, among others; and
- an unspecified amount for Probation Department major maintenance at its detention facilities.

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We will report back with the next quarterly report in July.

DEJ:JSE
i/h

c: Executive Officer, Board of Supervisors
 Auditor-Controller
 County Counsel
 Internal Service Department
 Department of Public Works